



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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May 4, 1998

Neldon Kunz
American Gilsonite Company
HC 73 Box 28
Vernal, Utah 84078-9284

Re: Review of Amended Notice of Intention to Commence Large Mining Operations, American Gilsonite Company, Bonanza Gilsonite Operations, M/047/010, (UTU-073071), Uintah County, Utah

Dear Mr. Kunz:

The Division has completed a review of your Notice of Intention to Revise Mining Operations for the Bonanza Gilsonite Operations, located in Uintah County, Utah. On December 12, 1997 the Division received a copy of the Mining Plan for Lease #060749 submitted to the BLM. On December 22, 1997 the Division sent a letter with preliminary comments suggesting American Gilsonite Company submit this information formatted according to the Notice of Intention to Revise Mining Operations (Form MR-REV). On January 28, 1998 we received a copy of the BLM Modification To Mine Plan Approval letter describing 11 stipulations of approval. On February 2, 1998 we received the information submitted on our MR-REV form.

After reviewing the information received, the Division has the following comments which will need to be addressed before this amendment can be approved. The comments are listed below under the applicable Minerals Rule heading. Please format your response in a similar fashion.

The Division will suspend further review of the Bonanza Gilsonite Operations Amendment until your response to this letter is received. If you have any questions in this regard please contact me, Tony Gallegos, Lynn Kunzler, or Tom Munson of the Minerals Staff. If you wish to arrange a meeting to discuss this review, please contact us at your earliest convenience. Thank you for your cooperation in completing this permitting action.

Sincerely,

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

Enclosure: DOGM 12/18/97 - list of American Gilsonite Sites

Attachment: Review

cc: Stan Perkes, BLM State Office
Pete Sokolosky, BLM Vernal Field Office

REVIEW OF NOTICE OF INTENTION TO COMMENCE LARGE MINING OPERATIONS

**American Gilsonite Company
Bonanza Gilsonite Operations Mine**

M/047/010

R647-4-104 - Filing Requirements and Review Procedures

The location of the proposed mine operation is in the NW 1/4 section 35, T9S, R24E, SLBM. This is within two miles of mine site WH-11 located within the SE 1/4 section 27, T9S, R24E, SLBM, and also mine site WH-12 located within the SW 1/4 of section 27, T9S, R24E, SLBM. Site WH-11 is listed as being reclaimed and WH-12 is listed as inactive. Division records do not indicate that site WH-11 has been released. Please provide information to verify the status of these two sites. (AAG)

This proposal has been evaluated according to the Minerals Program May 22, 1991 Criteria for Defining Amendments and Revisions. The Division considers this proposal for mining on federal lease #060749 to be an "amendment" to the existing large mine operation notice of intention.

R647-4-105 - Maps, Drawings & Photographs

105.1 Topographic base map, boundaries, pre-act disturbance

It appears that shaft sites WH-3 and WH-7 are *proposed* shaft sites, and shafts WH-2, WH-5 are *existing* shafts which will be re-utilized as escapeways for this project. Please confirm this. (AAG)

R647-4-106 - Operation Plan

106.2 Type of operations conducted, mining method, processing etc.

Please describe the actual sequence of mining and the mining methods to be used in this proposal (i.e., will the shafts be put in and the vein mined underground up to the surface, or will the vein be mined from the surface down?). Will there be a road west from WH-3 to access the escapeway at WH-2? If so, please describe the length, width and surfacing of this road. Will the typical mine site structures and facilities still be used in the area mined to the surface? (AAG)

Please describe the current condition of the existing shafts which will be re-utilized as part of this project. Please describe any modifications to the existing shafts to be performed as part of this project. Please describe the proposed improvements to the existing access road to the WH-3 site. Please describe the width and surfacing of the proposed access road to WH-7. (AAG)

106.3 Estimated acreages disturbed, reclaimed, annually.

The submission estimates the disturbance associated with this proposal would include the two mine sites (shaft sites) at 0.9 acres each and the open vein at 2.3 acres. The total disturbed acreage for this proposal is 4.1 acres. This acreage will need to be added to the current total disturbed acreage figure of 104.2 acres, unless some areas which have been reclaimed and can be released at this time. Please review the enclosed list of American Gilsonite mine sites and provide us with the appropriate edits to reflect the current status of these existing sites and the new (proposed) sites. (AAG)

106.4 Nature of materials mined, waste and estimated tonnages

Please provide an estimate of the annual ore production. Please provide an estimate of the amount of overburden to be removed as part of mining the vein to the surface. Please describe what will be done with this overburden material and the associated soils salvaged from this area? (AAG)

106.5 Existing soil types, location, amount

What is the estimated volume of soils to be salvaged from the vein area which will be mined to the surface? (AAG)

R647-4-107 - Operation Practices

107.1 Public safety & welfare

107.1.11 Closing or guarding shafts & tunnels

Please describe the safety measures proposed to prevent public access to shafts during active operations. (AAG)

107.1.12 Disposal of trash, scrap, debris

Please describe the handling and disposal of trash and debris generated at the site during active operations. (AAG)

107.1.15 Constructing berms, fences, etc. above highwalls

Please describe the safety measures proposed to prevent public access to the vein area open to the surface during active operations. (AAG)

107.2 Drainages to minimize damage

The vein area which will be mined to the surface appears to intercept one or two drainage channels. How will the surface drainages intercepted by mining this vein to the ground surface be impacted? If there are no projected impacts, please state how deep the overburden is in the vicinity of the drainages and whether there will (or will not) be any ground disturbing activities in the drainages. (TM)

R647-4-109 - Impact Assessment

109.4 Slope stability, erosion control, air quality, safety

Please describe the impacts of blasting the open vein on the stability of nearby State Road 45. (AAG)

109.5 Actions to mitigate any impacts

Please describe measures proposed to mitigate possible impacts to State Road 45 from blasting the open vein closed. (AAG)

R647-4-110 - Reclamation Plan

110.2 Roads, highwalls, slopes, drainages, pits, etc., reclaimed

The proposal to mine to surface from shaft site WH-3 east to within 50 feet from SR 45 would

Page 3
Initial Review
M/047/010
May 4, 1998

appear to negate any reclamation of shaft sites WH-3, WH-5 and WH-7. Please confirm or clarify this. Shaft site WH-2 and new roads constructed from WH-3 to WH-2, and from the existing road to WH-7 will need to be reclaimed. Please confirm the reclamation of these areas. (AAG)

110.3 Description of facilities to be left (post mining use)

The only features which are proposed to remain after the completion of final reclamation are those roads which were identified as pre-existing by the BLM. Please confirm this. (AAG)

R647-4-111 - Reclamation Practices

111.1 Public safety & welfare

1.11 Sealing shafts & tunnels

Please describe safety measures proposed for shaft site WH-2 as part of final reclamation or explain why these safety measures are not needed. (AAG)

111.2 Reclamation of natural channels

The vein area which will be mined to the surface appears to intercept one or two drainage channels. Please describe the proposed reclamation or restoration of these drainage channels. (AAG)

111.12 Topsoil redistribution

What is the estimated depth of topsoil to be redistributed over the disturbed areas as part of reclamation? (AAG)

R647-4-112 - Variance

No variances were requested in this submission.

R647-4-113 - Surety

The submission estimates the cost for blasting the vein closed and reclaiming the blast area as \$75,000. Please provide an itemized calculation to support this figure. Please provide a description of all reclamation tasks included in this cost estimate.

The BLM's January 26, 1998 Modification to Mine Plan Approval letter stated the bond on file with them is adequate at this time. The Division will coordinate with the BLM to the extent possible under the current Memorandum of Understanding (MOU) to avoid double bonding for this project. Communications with Stan Perkes of the BLM State Office indicate American Gilsonite Company currently has a \$120,000 statewide bond posted for three leases. This project is the first of the three leases to be actively mined. This bond is to cover rental, royalty and reclamation for all three leases.

The current \$324,900 (1999-\$) reclamation surety posted with the Division was last revised in January 1996. This current surety amount may or may not need to be revised after reviewing the response to this review. In either case, the surety amount will need to be adjusted to reflect current dollars which are escalated five years into the future using an annual factor of 2.24%. The Division will need the information requested in this review in order to evaluate the \$75,000 estimate. (AAG)

Disturbed Acreage - Mine Sites
American Gilsonite Sites
M/047/010
12/18/97

Mine or Property	Property	Claim of Lease	Location	Acreage Disturbed	Status
E-15	Pat. Claim	White River 20	NW1/4 Sec. 12 T9S R24E	1	Inactive
E-14	Pat. Claim	White River 21	NW1/4 Sec. 12 T9S R24E	1	Inactive
E-28	Pat. Claim	White River 23	SE1/4 Sec. 23 T9S R24E	1	Active - Secondary Escape
E-29	Pat. Claim	White River 23	SE1/4 Sec. 2 T9S R24E	1	Active
E-30	Pat. Claim	White River 24	SW1/4 Sec. 2 T9S R24E	1	Active
E-31	Pat. Claim	White River 25	SW1/4 Sec. 2 T9S R24E	0.5	Development 1994?
I-9	Pat. Claim	Rangely Bell	SE1/4 Sec. 23 T9S R24E	1	Active
I-10	Pat. Claim	Rangely Bell	SE1/4 Sec. 23 T9S R24E	1	Active
I-24	Pat. Claim	Big Chief	NW1/4 Sec. 23 T9S R24E	1	Inactive / Reclaimed 1995?
I-18	Pat. Claim	Break of Day	NE1/4 Sec. 22 T9S R24E	1	Abandoned / Secondary Escape
I-16	Pat. Claim	Triumph	SE1/4 Sec. 15 T9S R24E	1	Inactive
I-15	Pat. Claim	Cumberland	SW1/4 Sec. 15 T9S R24E	1	Inactive / Reclaimed 1994?
I-30	State Lease	ML - 31934	SW1/4 Sec. 15 T9S R24E	1	Developed 1993?
B-38	Fee		SW1/4 Sec. 16 T9S R24E	1	Active
B-40	Fee		SW1/4 Sec. 16 T9S R24E	1	Pump Station; In reclamation
B-42	Fee		SW1/4 Sec. 16 T9S R24E	1	Inactive
B-44	Fed. Lease	U-0126940	NE1/4 Sec. 17 T9S R24E	1	Active
WH-11	Fed. Lease	U-073071	SE1/4 Sec. 27 T9S R24E	1	Reclaimed
WH-12	Fed. Lease	U-073071	SW1/4 Sec. 27 T9S R24E	1	Inactive

Mine or Property	Property	Claim or Lease	Location	Acreage Disturbed	Status
LE-3	Fee		SW1/4 Sec. 30 T9S R24E		1 acre released 6/15/88 / Reclaimed
LE-4	Fee		SW1/4 Sec. 30 T9S R24E	1	Reclamation in progress? / Secondary Escape
LE-5	Fed. Lease	U-0126938	SW1/4 Sec. 30 T9S R24E	1	Inactive
LE-6	Fed. Lease	U-0126938	NW1/4 Sec. 30 T9S R24E	1	Active
LE-7	Fed. Lease	U-0126938	NE1/4 Sec. 23 T9S R24E	.5	Development 1992 - Secondary Escape
LE-19	Pat. Claim	Asteroid	SE1/4 Sec. 33 T9S R24E	1	Active
PW-3	Pat. Claim	Puck	SW1/4 Sec. 9 T11S R24E	1	Reclaimed
PW-4	Pat. Claim	Bald Eagle	SE1/4 Sec. 8 T11S R24E	1	Reclaimed
H-1	Fee		NW1/4 Sec. 22 T11S R24E	1	Reclaimed
H-2	Fee		NW1/4 Sec. 22 T11S R24E	1	Reclaimed
H-10	Pat. Claim	Merrimac	SW1/4 Sec. 1 T11S R24E	1	Reclaimed 1994?
R-2	Pat. Claim	Turtle	NE1/4 Sec. 25 T11S R24E	1	Reclaimed
R-3	Pat. Claim	Tennessee	SW1/4 Sec. 24 T11S R24E	1	Reclaimed
R-4	Pat. Claim	Tennessee	SW1/4 Sec. 24 T11S R24E	1	Reclaimed
B-16	Pat. Claim	Hilltop	SE1/4 Sec. 23 T9S R24E	1	Active
LE-19	Pat. Claim	Alexandria		2	
B-12	Pat. Claim	Foothill	SE1/4 Sec. 23 T9S R24E	1	Active - Secondary Escape
Disturbed Acreage - Mine Sites				35	

Disturbed Acreage - Townsite, Roads, Plants, and Other Areas

General Description		Location	Acreage (Disturbed)
Townsite (Bonanza)			
Residential Area (houses & roads)		SE1/4 Sec. 23 T9S R24E	2.3
Operating Area (buildings, plants, ponds, scales, & boneyard)		SE1/4 Sec. 23 T9S R24E	5.7
Roads			
County Road to Pump Station		SW1/4 Sec. 16 T9S R25E	1.4
County Road to Crush Plant		SW1/4 Sec. 15 T9S R25E	0.6
County Road to Bins at Crush Plant		NW1/4 Sec. 16 T9S R25E	0.8
Pump Station to Highway 45 along Eureka Vein		NE1/4 Sec. 17 T9S R25E	11.2
Highway 45 to Eureka Vein near E-21		NE1/4 Sec. 23 T9S R24E	5.8
County Road to I-15 along Independent Vein		SE1/4 Sec. 23 T9S R24E	3.1
County Road to B-37 site		NE1/4 Sec. 20 T9S R24E	2.5
County Road to B-42		SW1/4 Sec. 16 T9S R24E	1.4
B-42 to B-50		Sec. 17 T9S R24E	2.0
County Road to LE-5		SE1/4 Sec. 30 T9S R24E	1.1
County Road to WH-12		NE1/4 Sec. 27 T9S R24E	2.3
County Road to Harrison Camp		SE1/4 Sec. 15 T11S R24E	3.7
County Road to H-10		SW1/4 Sec. 6 T11S R24E	2.8
Harrison Camp to H-2 along Harrison Vein		NE1/4 Sec. 22 T11S R24E	2.1
County Road to PW-4		NW1/4 Sec. 16 T11S R24E	1.5
County Road to R-1		SW1/4 Sec. 24 T11S R24E	0.7
Plant and Other Areas			
Pump Station and Ponds		NE1/4 Sec. 17 T9S R25E	3.8
Crush Plant Area		NW1/4 Sec. 16 T9S R25E	0.8

	General Description	Location	Acreage Disturbed
	Solar Pad Area	SW1/4 Sec. 16 T9S R24E	0.5
	Reservoir	SW1/4 Sec. 16 T9S R24E	2.3
	Explosives Magazine and Access	SW1/4 Sec. 24 T9S R24E	1.1
	River Pump Station and Wells	SE1/4 Sec. 2 T9S R24E	7.0
	Harrison Camp	NE1/4 Sec. 22 T11S R24E	5.6
	E-21 Landfill	NW1/4 Sec. 7 T9S R24E	2.1
	Disturbed Acreage - Townsite, Roads, Plants & Other Areas		74.2
	Disturbed Acreage - Mine Sites		35.0
	Grand Total Disturbed Acreage		109.2

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